

Date Mailed March 25, 1998

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Gas Company for
Authority to Construct, Acquire, Own, and Operate
Water Utility Facilities, as a Water Public Utility,
In a Limited Portion of the City of Mequon, Ozaukee County

6650-CW-100

**NOTICE OF INVESTIGATION, HEARING,
AND ASSESSMENT OF COSTS**

Wisconsin Gas Company (WGC) filed an application with the Public Service Commission (Commission) on February 9, 1998, for authority pursuant to ss. 196.01, 196.02, and 196.49, Stats., and ch. PSC 184, Wis. Adm. Code, to construct, acquire, and own water transmission and distribution facilities, and operate as a water public utility within a limited area of the City of Mequon (Mequon). The area to be served is known as the Bayberry Fields Subdivision. At full development, the service area will include 43 customers. A map of the proposed service area is attached.

WGC estimates that the cost of constructing and acquiring the proposed water facilities is \$239,600.00. Commission staff estimates the annual utility revenue requirement to be \$29,410.00. WGC has requested to be able to place on file rates for initial service equal to the rate levels currently being charged by the Mequon Water Utility. Commission staff estimates that rates at this level would provide for a reasonable recovery of the estimated cost to serve Bayberry Fields Subdivision. An average residential customer's estimated monthly bill would be about \$49.53 for 8,000 gallons of water. This total charge, which includes the direct fire-protection charge, is approximately \$1.60 per day.

Boundaries for the water utility service area will be Fox River Valley Road on the west, North Cedarburg Road on the east, and West Donges Bay Road on the south. The northern edge of the development is about 2,000 feet north of West Donges Bay Road. The proposal is to construct a transmission main to supply water from the Mequon Business Park water system. The water distribution system including fire hydrants has been previously constructed by the developer of Bayberry Fields Subdivision.

The purpose of the hearing in this docket is to receive public comments on the proposed new water utility and establish the record for the Commission to decide if public convenience and necessity require the project.

NOTICE IS HEREBY GIVEN that the Commission will investigate this matter and hold a public hearing on Monday, April 20, 1998, at 7:00 p.m. in the lecture hall at Homestead High School, Mequon, Wisconsin. Customers may call Mr. Enright at (414) 238-5668 for further details on the location of the hearing room. This room is accessible to people in wheelchairs.

NOTICE IS FURTHER GIVEN that this matter is deemed to be a Class 1 proceeding. See s. 227.01(3)(a), Stats.

This is a Type III action under s. PSC 4.10 (3), Wis. Adm. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment is required.

NOTICE IS FURTHER GIVEN that the Commission deems it necessary in order to carry out its duties herein to investigate the books, accounts, practices, and activities of the WGC, as a water public utility, if and when such authorization is granted. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such investigation will be assessed against and collected from WGC, as a water public utility, if and when such authorization is granted, in accordance with the provisions of s. 196.85, Stats., and ch. PSC 5, Wis. Adm. Code.

If there are any questions about the hearing in this matter, please contact Nancy Anthony, Examining Division at (608) 266-1261.

Other questions concerning this matter should be directed to Peter Feneht, P.E., Division of Water, Compliance and Consumer Affairs at (608) 266-5614. Rate questions regarding this matter may be directed to Thomas McDonald at (608) 266-7236.

Dated at Madison, Wisconsin _____

For the Commission.

Joyce A. Narveson, Administrator
Division of Water, Compliance and Consumer Affairs

JAN:PKF:w:\notice\Bayberry Fields new water ut by Wis Gas/ssa

Attachment